

Hodell-Natco Industries, Inc.
Inflight Enterprise Development Agreement
I

Development Agreement Between Hodell-Natco Industries, Inc., The IBIS Group Inc., a wholly owned company of LSi-Lowery Systems Inc. and LSi-Lowery Systems Inc. (LSi)

Date: November 30, 2004

Project Description: The development of The IBIS Group's (IBIS) In-Flight Enterprise application and its integration into SAP Business One software, for Hodell-Natco Industries, Inc (Hodell-Natco).

General Terms:

1. Hodell-Natco will advance LSi \$180,000.00 of the \$300,000.00 purchase price, in three \$60,000.00 stages, as down payment for:
 - a. The purchase of 80 user licenses of SAP Business One Software.
 - b. The purchase of unlimited user licenses of IBIS In-Flight Enterprise Software for Hodell-Natco use.
 - c. The purchase of the programs to integrate the In-Flight Enterprise application to SAP's Business One software.

The first \$60,000.00 installment payment will occur at signing of the contract; another \$60,000.00 at 150 days after signing, and the final \$60,000.00 down payment at 300 days after signing. The second and third down payment installments require prior progress reviews for In-Flight development according to the development schedule outlined and made part of the contract. The intent of the review is to stage the payments at one third and two thirds of the development's completion. If at the 150 day review, Hodell feels, through the fault of IBIS the project is substantially behind schedule, Hodell can request a refund of their \$ 60,000 first payment and a release from this agreement.

2. The IBIS Group will use the \$180,000 down payment in the development effort of the In-Flight Enterprise programs and the respective integration of In-Flight Enterprise into SAP Business One software.
3. Hodell-Natco will pay \$60,000.00, of the purchase price balance of \$120,000, when IBIS orders the software from SAP. This should occur on the date mutually agreed upon and listed in the Inflight Enterprise Development Project Plan (attached as part of our contract.) This \$ 60,000 payment will be for 40 licenses of SAP Business One. The remaining \$60,000.00 purchase price balance for the 41-80th license will be due on successful implementation. Successful implementation will be defined in the Inflight Enterprise Development project plan, and mutually agreed upon.
4. All other services, travel expenses and third party expenses will be paid by Hodell-Natco based on the standard terms of their respective invoice(s), which are to be based upon previously quoted rates and reasonably close to the estimated hours.

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In exchange for the down payment, The IBIS Group will:

1. Provide Hodell-Natco with the unlimited user licenses for In-Flight Enterprise and its integration into SAP Business One (as defined in 1.b and 1.c of this document) for Hodell-Natco use, at no charge.
2. Deliver the product upon a timetable agreed upon by Hodel-Natco and The IBIS Group, and made part of this agreement.
3. Upon successful completion of the development of In-Flight to SAP Business One, in consideration for assisting in the initial funding of Inflight Enterprise Development, Hodell-Natco will receive a \$100.00 per user license fee for the first 1,000 users of In-Flight, excluding Hodell-Natco users. Said license fees are to be credited monthly against open Hodell-Natco invoices, and any excess is to be paid out at every month-end, until the \$100,000.00 level is attained.
4. In case of default by The IBIS Group or LSi, due to bankruptcy or insolvency, SAP has agreed Hodell-Natco will receive 80 user licenses of SAP Business One from SAP for the balance payment to SAP of \$ 120,000.00.
5. In case of default by The IBIS Group or LSi, for any reason, in addition to other legal remedies for breach of contract, Hodell-Natco will retain all development programming to date of the In-Flight Enterprise programs, including documentation and any intellectual property. If LSi or IBIS voluntarily discontinues development effort of In-Flight, while solvent, all fees advanced by Hodell-Natco will immediately be refunded. In addition, Hodell-Natco is hereby authorized to utilize any of LSi's or IBIS's employees, so willing, to complete the development of In-Flight.

Acceptance By:

Hodel-Natco Industries Inc.

Otto Reidl 12/20/04

Mr. Otto Reidl - President

Date:

**LSi- Lowery Systems Inc. and The
IBIS Group, Inc.**

[Signature] 12/24/04

Mr. Daniel Lowery - President

Date: